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SUBJECT: 2008 THRONE SPEECH FOCUSES ON ECONOMY, NATIONAL SECURITY

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Classified By: PolMinCouns Scott Bellard, reason 1.4 (d)

11. (C) Summary and comment. The second Harper government's Throne Speech on November 19 lived down to expectations of a fairly modest agenda, primarily focused on dealing with the domestic impact of the global economic crisis. The government did not indicate any plans for a major economic stimulus package, apart from vague promises of new assistance to the auto and aerospace sectors. It pledged to work with the new U.S. Administration to improve North American competitiveness. It indicated a probable detour into a federal budget deficit over the coming year, along with a resolute opposition to a new era of structural deficits. More details will emerge during the week of November 24 with the government's new Fiscal and Economic Statement, but it appears that Canada has so far chosen a relatively modest package somewhat different than many had anticipated in the wake of the G-20 Summit. The opposition parties have criticized the speech as being too "timid," but Liberal Party leader Stephane Dion made explicit that it would be "irresponsible" to force a new election any time soon. End summary and comment.

It's the economy, stupid

12. (C) Governor General Michaelle Jean delivered the government's "Speech from the Throne" in a packed Senate chamber in Parliament on November 19. (Ref b reported on the 2007 "Speech from the Throne.") The speech highlighted "uncertain economic times," the "extraordinary global economic challenges and uncertainty," the "global economic slowdown," and pressure on the global financial system "not seen in decades," while insisting that "in face of uncertainty...Canadians will prevail." Citing Canadian resilience over the decades spanning from World War I to the present, the speech promised that Canadians will confront the current challenges with the "same spirit, determination, and resolve" as always, and will "emerge stronger than ever."

13. (C) While reserving for the Fiscal and Economic Statement (promised for the week of November 24) actual details of the exact impact on Canada and the specific measures/legislation the government of Prime Minister Stephen Harper will pursue, the government's speech indicated its broad intentions on the economic front to:

- keep spending under control, while recognizing that in a time of economic downturn it would be "misguided" to remain ideologically committed to a balanced budget "at any price," while confirming that "unsustainable deficits" are "unacceptable" to Canadians and that "structural deficits must never return;"
- provide assistance to key manufacturing sectors, notably automobile and aerospace, as well as aid to the fishing, mining, and forestry sectors;
- work with "partners" to address the international crisis and also provide a "strong model of financial regulation to

lead the world in restructuring;"
-- work with provinces and territories to set up a common securities regulator;
-- invest in science and technology to keep the Canadian economy competitive;
-- support workers in transition, strengthen the workforce for the future, and provide greater assistance to students and skilled trade apprentices;
-- support Canada's farmers, including through the existing supply management system;
-- re-introduce legislation to modernize copyright laws and ensure better protection of intellectual property rights;
-- undertake new trade agreements in Asia and the Americas
Q-- undertake new trade agreements in Asia and the Americas as well as with the European Union, and ratify free trade agreements with the European Free Trade Area, Peru, Colombia, and Jordan;
-- work with the new U.S. Administration on addressing shared challenges and seek opportunities to enhance North American competitiveness;
-- encourage companies to invest in new machinery and equipment; and,
-- work with provinces and territories to remove internal barriers on labor and investment across the country.

Environment counts, too

¶4. (C) Noting a vital link between protection of the environment and economic performance, the speech promised to continue a "realistic, responsible approach to climate change," including reduction of greenhouse gas emissions by 20 pct by 2020 and to work with provincial governments and

OTTAWA 00001470 002 OF 002

partners to develop and implement a North American cap-and-trade system for greenhouse gas as well as an international protocol for the post-2012 period. It set out a new objective of meeting 90 pct of its electricity from non-emitting sources -- hydro, nuclear, clean coal, etc. -- by 2020, and to continue to promote alternative fuels including biofuels and wind power.

National and international security

¶5. (C) Toward the end of the speech, the government highlighted that national security was the "most fundamental duty of a national government" and it promised to table a national security statement in the House of Commons to explain how Canada intends to balance "new threats and challenges" with the need for "oversight, accountability, and protection of civil liberties." It promised Canada would contribute to "vigorous and concrete action" to build a "better and more secure world," including promotion of the respect for freedom, democracy, human rights, and the rule of law. It pledged to establish of a new non-partisan democratic promotion agency to work throughout the world on would-be or emerging democracies.

¶6. (C) The speech reiterated Canada's commitment to Afghanistan as well as its decision that the military role in Kandahar would end in 2011. It repeated the decision ratified by the Parliament in March 2008 that Canada's efforts in Afghanistan should turn more and more to reconstruction and development. It expressed Canada's hope to leave Afghanistan a "lasting legacy" as a more secure and peaceful country with better governance.

¶7. (C) The government promised to ensure that the Canadian Forces have the "best equipment" and to renew all major sea, air, and surface fleets over the next 20 years. It also admitted problems with Canada's procurement system across the board, which the government will seek to make simpler and more streamlined, noting the "especially critical" problem of military procurement.

Getting along

¶8. (C) The government admitted that the electorate in October 2008, while entrusting this government with a "renewed and strengthened mandate," had also chosen to elect a minority government, which had a special obligation to be "responsible and accountable." It promised to work within Parliament with all parties to adopt "sensible policies." It promised to pursue Senate reform and proportional representation in the Commons for Ontario, British Columbia, and Alberta.

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